

# **2018 Michigan City Withholding Tax E-File Tax Preparer Handbook**

**Michigan Department of Treasury**



**[www.Mlfastfile.org](http://www.Mlfastfile.org)**

# Table of Contents

<b>SECTION 1. GENERAL INFORMATION .....</b>	<b>2</b>
1.1. Contact Information.....	2
1.2. E-mail LISTSERV for Tax Professionals .....	2
1.3. Self Service Options .....	3
<b>SECTION 2. CITY WITHHOLDING TAX E-FILE .....</b>	<b>4</b>
2.1. Benefits of E-File.....	4
2.2. Introduction .....	4
2.3. Program Description .....	5
2.4. City Withholding E-File Calendar for Tax Year 2018.....	5
2.5. Application and Acceptance Process .....	5
2.6. How City Withholding E-File Works .....	5
2.7. Type of Filings Accepted.....	6
2.8. Exclusions from E-File .....	6
2.9. Signature Requirements .....	6
2.10. Acknowledgment of Electronic Return .....	7
2.11. Payment Methods .....	7
2.12. Refunds.....	8
<b>SECTION 3. RESPONSIBILITIES OF ELECTRONIC FILERS, TRANSMITTERS, UPLOADERS AND EROS .....</b>	<b>9</b>
3.1. ERO or Tax Preparer .....	9
3.2. Transmitter or Uploader .....	9
3.3. Timeliness of Filing .....	9
3.4. Changes on the Return .....	9

## SECTION 1. GENERAL INFORMATION

The Michigan Department of Treasury's (Treasury) City Withholding (CTYW) electronic filing (e-file) program accepts CTYW returns with or without payments (submissions), using [Treasury approved commercial or proprietary software](#). Returns may be submitted directly to Treasury by being uploaded through the Michigan Treasury Online (MTO) bulk e-file application, or by being transmitted by a Transmitter through a Web Service.

Michigan e-file publications are available at [www.Mlfastfile.org](http://www.Mlfastfile.org). For questions about the e-file program, contact Forms, Documentation and E-file Services (FDES).

### 1.1. Contact Information

Michigan E-file Web site	<a href="http://www.Mlfastfile.org">www.Mlfastfile.org</a>
E-file Coordinator	Scott Bunnell
Program Area, Testing and File Specifications	Heather Vellanti Erica Smith
E-Mail	<a href="mailto:MIFormsEfile@michigan.gov">MIFormsEfile@michigan.gov</a>
Michigan Treasury Web Sites	<a href="http://www.michigan.gov/citytax">www.michigan.gov/citytax</a> <a href="http://www.michigan.gov/taxes">www.michigan.gov/taxes</a> <a href="http://www.michigan.gov/treasury">www.michigan.gov/treasury</a> <a href="http://www.michigan.gov/mtobusiness">www.michigan.gov/mtobusiness</a>

The contact information above is for **software developers, transmitters and preparers only. Please do not give this information to taxpayers.** FDES staff is unable to provide submission status information or address specific taxpayer account issues once the submission has been acknowledged as "Accepted" by Treasury.

Treasury does not recommend sending account-specific information over the Internet. Federal and State disclosure laws require that taxpayer privacy and their confidential records are protected. Therefore, Treasury will not send account-specific information over the Internet in response to an e-mail inquiry.

### 1.2. E-mail LISTSERV for Tax Professionals

The Treasury Tax Professionals LISTSERV is a free service that disseminates mass e-mail messages within seconds, to all subscribers. Sign up to receive electronic communications on Treasury's e-file programs and other information of interest. To subscribe or for additional information, visit [www.Mlfastfile.org](http://www.Mlfastfile.org).

### **1.3. Self Service Options**

Treasury offers a variety of services designed to assist taxpayers. To obtain information about an account, use the options listed below:

#### **Online**

CTYW taxpayers can check the status of their return by using the [City secure Self Service Web site](#).

#### **Telephone**

CTYW taxpayers who do not have internet service should call City Customer Contact staff at 517-636-5829. Assistance is available using TTY through the Michigan Relay Service by calling 711.

## SECTION 2. CITY WITHHOLDING TAX E-FILE

### 2.1. Benefits of E-File

**Customer service.** E-filed returns are processed faster than paper returns. Receive electronic proof from Michigan that returns were received.

**Convenient.** Prepare and transmit CTYW submissions using software that has been [approved](#) by Treasury.

**Improved return accuracy.** Treasury processes the same data the tax preparer enters into the computer. Treasury computers automatically check returns for mistakes. When easy-to-fix mistakes like math errors or missing forms are found, the return is sent back for correction. The error can then be corrected and be sent back to Treasury. E-file returns have a significantly less chance of error compared to paper returns.

**Detailed error conditions.** Business rules pinpoint the location of the error in the submission and provide complete information in the acknowledgement file that is passed back to the transmitter. Business rules use simple wording to clarify each error that triggers a rejection.

**Secure.** Tax information is encrypted and transmitted directly to Michigan.

**Amended returns.** Treasury can process amended CTYW annual returns when the amended checkbox is checked.

### 2.2. Introduction

Tax year 2017 and 2018 CTYW tax returns may be filed with or without payment directly to Treasury using tax preparation software.

Filing submissions electronically is accurate, convenient, and secure. Michigan's CTYW e-file program provides CTYW taxpayers the opportunity to e-file CTYW submissions prepared using a computer software program. If an error occurs on a submission, the e-file software presents an error message and allows the tax preparer to immediately correct the mistake before the submission is uploaded/transmitted.

Michigan does not have an enforced e-file mandate for CTYW.

For more information and program updates, visit [www.Mifastfile.org](http://www.Mifastfile.org).

## 2.3. Program Description

Type of E-file Program	Direct
Payment Submitted with Return	Yes
Signature Process	Retain documentation in taxpayer records

## 2.4. City Withholding E-File Calendar for Tax Year 2018

Begin Transmitting Submissions	January 16, 2018
Deadline to Transmit Submissions Electronically	None. Submissions must be acknowledged as "Accepted" by the due date to be considered timely filed.

## 2.5. Application and Acceptance Process

To participate in Michigan's CTYW e-file program, e-filers must use software that has successfully completed the Michigan Assurance Testing System (ATS). Confirm that the software chosen has been [approved](#) for Michigan and that the Michigan e-file program is operational before uploading/transmitting submissions.

If, after acceptance, an uploader/transmitter or software company has production problems, Treasury reserves the right to suspend them for part or all of the remainder of the filing season.

## 2.6. How City Withholding E-File Works

Those using tax preparation software may participate in the CTYW e-file program if supported by their software. Treasury provides electronic acknowledgments for all e-filed submissions uploaded/transmitted.

The first notification is in the form of a confirmation number (MTO bulk upload) or electronic receipt (Web Service) of the transmission which is received by the uploader/transmitter. Uploaders are those uploading returns through MTO, including individual taxpayers, tax preparers, PSPs, TPAs and software companies. Transmitters usually develop the tax preparation software and are either a software company, PSP or TPA.

Once a submission receives a successful confirmation number or electronic receipt, Treasury will generate an acknowledgement for all submissions received in the transmission. Submissions must be received by noon (EST) to have an acknowledgment generated by 5:00 PM (EST) the same day.

**All returns, whether e-filed or paper-filed, are subject to Michigan audit and can be delayed regardless of the acknowledgment code received.** Returns are processed and refunds are issued daily.

## 2.7. Type of Filings Accepted

Treasury will accept CTYW tax returns for the City of Detroit only.

### Electronic Michigan Data

The electronic submission consists of data submitted electronically and the supporting paper documents. The paper documents contain information that cannot be submitted electronically, such as taxpayers' signatures.

The following forms and schedules may be e-filed:

Form	
5321	City of Detroit Income Tax Withholding Annual Reconciliation

### Non-electronic Documents

The **non-electronic portion** of the return consists of the following supporting documents:

- **Form 5322.** If tax is due on an e-filed return and the taxpayer elects to submit payment by check or money order, it must be received by the due date, with the *City of Detroit Income Tax Withholding E-file Payment Voucher* (Form 5322).
- **Form 5562.** *Michigan Direct Debit of Business Tax Payment* (Form 5562) provides the taxpayer with a copy of their ACH Direct debit payment request entered into the electronic return submission.

Do **not** mail a copy of Form 5562 to Treasury, unless requested to do so. Treasury recommends the form be retained in the taxpayer's records for six years.

## 2.8. Exclusions from E-File

None noted at this time.

## 2.9. Signature Requirements

Michigan accepts the agreement that PSPs, Certified Service Providers (CSPs), and paid preparers have with their clients as the signature for e-filing CTYW returns and/or payments. The agreement may be a limited power of attorney, *IRS Reporting Agent Authorization* (Form 8655), or company document that mirrors the same type of e-filing authorization. Treasury does not require any additional signature documentation.

The authorization document **must not** be submitted unless requested by Treasury. Treasury recommends the authorization document be retained in the taxpayer's records for six years.

## 2.10. Acknowledgment of Electronic Return

Treasury provides electronic acknowledgments for all e-filed submissions uploaded/transmitted.

Submissions must be received by noon (EST) to have an acknowledgment generated by 5:00 PM (EST) the same day.

### Status Codes Received from Treasury

Treasury will perform certain checks on the submission during the acceptance process. All returns, whether e-filed or paper-filed, are subject to audit and can be delayed regardless of the acknowledgement code given. Should an error occur during back-end processing, Treasury will communicate directly with the taxpayer through the regular error resolution process. Treasury will discuss return and/or payment situations with the preparer if a valid [Authorized Representative Declaration \(Power of Attorney\) \(Form 151\)](#) is on file.

### Acceptance Status:

<b>Accepted</b>	Electronic submission was <b>accepted</b> and will be reviewed and processed.
<b>Rejected</b>	Electronic submission was <b>rejected</b> . If the submission was rejected, an associated e-file rejection code and detailed error description will be provided. The taxpayer/preparer may correct the error and retransmit the submission. There is no limit on how many times a submission can be retransmitted.

The CTYW e-file Business Rules (rejection codes and descriptions) are posted in a separate document at [www.Mlfastfile.org](http://www.Mlfastfile.org), under the Tax Preparer tab. Returns and/or payments not acknowledged by Treasury as "Accepted" are not considered filed.

## 2.11. Payment Methods

### Submitted with the Return

ACH Direct debit payments are allowed with e-filed CTYW returns as supported by software. Payments made this way can only be submitted along with a return. For timely payment, the return with payment **must receive an "Accepted" acknowledgment** by Treasury one business day prior to the due date. If the due date falls on a weekend, state holiday, or banking holiday, the due date is the next business day. More information on due dates can be found on the [Sales, Use and Withholding Tax Due Dates for Holidays and Weekends \(Form 3149\)](#).



Payments may be scheduled up to 90 days in advance of the settlement date. This is considered warehousing the payment.

Allow three (3) to four (4) business days from the ACH Direct debit date for the payment to be withdrawn from the account. Penalty and interest will accrue on any tax due that has not been paid by the due date of the return. The day after the return was accepted by Michigan is considered the received date of the payment, when not warehoused.

If no tax is due, do not send a zero payment. Zero payments are not required when no tax is due and will not be recognized by Treasury as a valid payment.

**Note:** Some financial institutions offer a "Debit Blocking" or "Debit Filtering" service to prevent unauthorized debits (withdrawals) from an account. If an account has a debit block or filter, any unauthorized debit transactions will not be processed. The taxpayer should contact their financial institution and have the Automated Clearing House (ACH) transaction identified with the Company ID 9244842702 authorized to debit their account. Failure to make these arrangements may result in the payment request being rejected by the financial institution.

### **Electronic Funds Transfer (EFT)**

Payments may be made by EFT using either the ACH Credit or Debit method. Information about EFT is available on Treasury's Web site at [www.michigan.gov/biztaxpayments](http://www.michigan.gov/biztaxpayments).

### **Paper Payment Voucher**

If tax is due on an e-filed return, the taxpayer may submit payment by check or money order, by the due date, with Form 5322.

## **2.12. Refunds**

Direct Deposit is not available for CTYW returns receiving a refund.

## **SECTION 3. RESPONSIBILITIES OF ELECTRONIC FILERS, TRANSMITTERS, UPLOADERS AND EROS**

Electronic filers, transmitters, uploaders and EROs must abide by the terms set forth in this Publication and must maintain a high degree of integrity, compliance, and accuracy to continue to participate in the CTYW e-file program.

### **3.1. ERO or Tax Preparer**

An ERO is the person or firm who constructs the submission information for the taxpayer for the purpose of electronically filing a tax return.

Tax Preparers have been entrusted with the task of filing a client's tax return with or without payment and must assume the responsibility of ensuring the submission arrives at Treasury. In the event that the e-filed submission fails to arrive or is rejected and cannot be resubmitted, tax preparers must notify their clients to file a paper return.

### **3.2. Transmitter or Uploader**

**Transmitter:** Uses the Web Service to transmit returns directly to Treasury, and is usually the software developer, PSP, or TPA. Individual taxpayers and tax preparers are not eligible to transmit returns using the Web Service.

**Uploader:** Uses the MTO bulk upload application to upload returns directly to Treasury, and can be individual taxpayers, tax preparers, PSPs, TPAs or software companies.

### **3.3. Timeliness of Filing**

Uploaders/transmitters must ensure electronic submissions are submitted timely. Uploaders/transmitters should confirm Treasury has issued an acknowledgment of the submission before considering the filing complete.

Returns and/or payments not acknowledged by Treasury as "Accepted" are not considered filed.

### **3.4. Changes on the Return**

After an electronic submission is acknowledged as accepted, it cannot be recalled, intercepted, or changed in any manner. This includes payments that are scheduled to be settled at a later date. If changes need to be made to any entries on an accepted electronic return, an amended return and additional payment (if applicable) must be filed.